

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS ROME 002224

SIPDIS

SENSITIVE

STATE FOR EB/TRA BYERLY, EUR/WE, EUR/ERA
DOT FOR PGRETCH
USDOC FOR DE FALCO

E.O. 12958: N/A

TAGS: [BAIR](#) [IT](#) [EUN](#) [AVIATION](#)

SUBJECT: U.S.-EU AIR SERVICES AGREEMENT: GOI VIEWS AS "NOT
RIPE"

REF: A. ROME 2190

[B](#). STATE 124593

[C](#). ROME 1893

SENSITIVE BUT UNCLASSIFIED -- NOT FOR INTERNET DISTRIBUTION

[1](#)1. (SBU) FOLLOWING UP ON REF. A DISCUSSIONS, ECOMIN MET THE MORNING OF JUNE 10 WITH EMIGLIO MARAINI, DIPLOMATIC ADVISOR TO TRANSPORT MINISTER LUNARDI, SHORTLY BEFORE THE TWO WERE TO DEPART FOR THE TRANSPORT COUNCIL IN LUXEMBOURG. MARAINI ESSENTIALLY CONFIRMED WHAT WE HAD HEARD IN OUR EARLIER MEETINGS, BUT WITH GREATER CLARITY, PRECISION AND CANDOR.

[1](#)2. (SBU) MARAINI STRESSED THAT THE BERLUSCONI GOVERNMENT, AND TRANSPORT MINISTER LUNARDI PERSONALLY, REMAINED COMMITTED TO FURTHER LIBERALIZATION OF U.S.-EU CIVAIR SERVICES. INITIALLY, LUNARDI HAD NOT BEEN PERSUADED BY ARGUMENTS AGAINST PROCEEDING WITH A FIRST-STEP AGREEMENT AT THIS TIME. ULTIMATELY, HOWEVER, THE SNOWBALLING CRISIS AT ALITALIA CAUSED HIM TO CHANGE HIS MIND.

[1](#)3. (SBU) ALITALIA IS CURRENTLY IN THE MIDST OF DEVELOPING A NEW BUSINESS PLAN WITH THE HELP OF MCKINSEY & CO., MARAINI CONTINUED, BUT THE PLAN WOULD NOT BE READY FOR AT LEAST ANOTHER WEEK OR TWO. THEREAFTER, DISCUSSIONS WITH THE EU COMMISSION ON STATE AID AND RELATED MATTERS WOULD HAVE TO FOLLOW. WITH SO MUCH IN FLUX, IT WAS POLITICALLY ALMOST IMPOSSIBLE FOR THE GOI TO ENDORSE -- AT THIS MOMENT -- A NEW CIVAIR FRAMEWORK THAT WOULD INCREASE COMPETITION ON ALITALIA'S ROUTES TO THE U.S.

[1](#)4. (SBU) WITH RESPECT TO CABOTAGE, MARAINI SAID THAT THIS WAS A EUROPE-WIDE CONCERN WHICH THE GOI SHARED PHILOSOPHICALLY; A FINAL AGREEMENT WOULD HAVE TO BE "BALANCED." BUT HE CANDIDLY ADMITTED IT WAS NOT A MAKE-OR-BREAK NATIONAL INTEREST FOR ITALY, SINCE ALITALIA WOULD NOT BE IN ANY POSITION TO TAKE ADVANTAGE OF SUCH RIGHTS FOR THE FORESEEABLE FUTURE.

[1](#)5. (SBU) MARAINI PREDICTED THAT THE TRANSPORT COUNCIL DISCUSSION WOULD BE "DIFFICULT." THE DYNAMICS WERE UNCERTAIN, GIVEN THE PRESENCE OF THE NEW MEMBER STATES. BUT IT WAS CLEAR THAT THE UK WAS ADAMANTLY OPPOSED TO A FIRST-STEP AGREEMENT. ("YOUR BRITISH COUNTERPART WILL BE COMING TO SEE ME IN AN HOUR TO ARGUE THE EXACT OPPOSITE," MARAINI SMILED.) THE GERMANS WERE RIGHT NEXT TO THE BRITISH. DUTCH AND FRENCH POSITIONS WERE MORE AMBIGUOUS, BUT MARAINI WAS CERTAIN THE FRENCH WOULD BE PLEASED TO SEE THE AGREEMENT STALL. HE WAS FURTHER CONVINCED THAT DE PALACIO HAD COME TO REALIZE THAT AN AGREEMENT WAS NOT WITHIN REACH AT THIS COUNCIL MEETING, AND WOULD NOT GO TO THE MAT ACHIEVE IT.

[1](#)6. (SBU) IN SHORT, MARAINI CONCLUDED, A FIRST-STEP AGREEMENT WAS "NOT RIPE" FOR CONCLUSION BY THE U.S.-EU SUMMIT. HE PROFESSED OPTIMISM, HOWEVER, THAT THE DUTCH WOULD TAKE UP THE NEGOTIATIONS EARLY-ON IN THEIR PRESIDENCY, AND THAT A SUCCESSFUL CONCLUSION WOULD BE ATTAINABLE BY THE END OF THE YEAR. HE ALSO BELIEVED THAT AS SOON AS ALITALIA HAD DEVELOPED AN AGREED TURNAROUND PLAN, THE GOI WOULD BE ABLE TO SUPPORT A U.S.-EU AIR SERVICES AGREEMENT.

VISIT ROME'S CLASSIFIED WEBSITE:

[HTTP://WWW.STATE.SGOV.GOV/P/EUR/ROME/INDEX.CF](http://www.state.sgov.gov/p/eur/rome/index.cf) M

SEMBLER

NNNN

2004ROME002224 - Classification: UNCLASSIFIED